



American Recovery and Reinvestment Act

Creating Jobs, Cutting Taxes and Promoting Economic Revitalization in Pennsylvania

The American Recovery and Reinvestment Act, which was just enacted with my support, will help President Obama to get our economy out of the ditch, create jobs and aid those hardest hit by the economy. The package includes many components to accomplish these goals such as tax relief for working families, infrastructure investments, aid to states and additional unemployment insurance as well as other improvements like increased funding for law enforcement.

This bill is good for Pennsylvania. It will invest in the Commonwealth's infrastructure—our roads and bridges, mass transit, rail, air, clean water and broadband—and provide crucial resources that will help alleviate budget shortfalls on the state level. It will provide an immediate injection of local community development and housing projects. These immediate and substantial investments will thwart pressures on state and local governments to raise taxes. **Most importantly, it should help save or create jobs in Pennsylvania.**

The following summary provides information on how this bill will benefit the Commonwealth of Pennsylvania.

Job Creation in Pennsylvania

Since the recession began in December 2007, the nation has lost more than 3.6 million jobs, with 50 percent of those losses occurring within the last three months, and the national unemployment rate has skyrocketed to 7.6 percent. Without swift action, economists estimate that an additional five million job losses could occur this year and the unemployment rate could rise to 10 percent.

The American Recovery and Reinvestment Act of 2009 will create or save 3.5 million good paying jobs nationally over the next two years, more than 90 percent of which will be in the private sector. According to the White House, approximately **143,000 of these jobs will be in Pennsylvania.**

Tax Relief for Pennsylvania Families and Business

According to the White House and Senate Committee on Finance, the following are examples of tax provisions in the American Recovery and Reinvestment Act of 2009 that will help Pennsylvania businesses and families, create jobs and get Pennsylvania's economy moving:



Pennsylvania U.S. Senator Bob Casey



- Up to **\$400** for workers (or **\$800** for married couples) in the new Making Work Pay Tax Credit for **4.9 million** workers and their families
- **\$250** to Social Security beneficiaries, SSI recipients and disabled veterans
- **\$2,500** for **138,000 additional families** in Pennsylvania who will qualify for the new American Opportunity Tax that makes college more affordable for 3.8 million families nationwide
- Extended and increased **Homebuyer Tax Credit** to both help aspiring homeowners and stabilize plummeting home prices
- Extended **Bonus Depreciation and Small Business Expensing** through 2009, allowing businesses that make capital investments to immediately deduct one-half the cost. Small businesses can immediately deduct 100 percent of the cost of these investments

The American Recovery and Reinvestment Act of 2009 would protect over 26 million working families across the nation from the **Alternative Minimum Tax**, representing thousands of dollars in additional income taxes. According to the Congressional Research Service, **972,000 Pennsylvanians** will be protected from the Alternative Minimum Tax in 2009.

Extended Unemployment Insurance for Pennsylvania

Unemployment in Pennsylvania stood at 6.7 percent in December 2008 (the last month for which we have data). The Department of Labor estimates that Pennsylvania could receive **\$275 million** in new funding if Pennsylvania fully enacts the Unemployment Insurance modernization incentives that the legislation would provide.

According to the National Employment Law Project, this means that an additional **\$100** in unemployment insurance benefits will be offered to approximately **1.1 million workers** who have lost their jobs in this recession.

In addition, the economic recovery plan will alleviate the tax burden for already struggling Americans collecting unemployment benefits by **temporarily suspending the federal income tax on the first \$2,400 of benefits per recipient in 2009.**

Transportation and Infrastructure for Pennsylvania

In order to rebuild our weakening economy, these investments in our physical and cyber infrastructure will put Pennsylvanians immediately to work rebuilding our crumbling roads and bridges and will also enable the creation of a stronger and more efficient infrastructure for the



21st century economy. According to the Senate Committee on Appropriations, our economic recovery package includes the following estimated benefits for Pennsylvania:*

- **\$1 billion** in funding for **highways and bridges** to be used on activities eligible under the Federal-aid Highway Program's Surface Transportation Program. Funding could also be used for rail and port infrastructure activities at the discretion of the states
- **\$343 million** for **mass transit projects**, including \$80,303,844 for rail modernization projects, \$233,190,181 for transit capital and operating assistance in urbanized areas and \$30,209,184 for public transportation in areas of less than 50,000 in population
- **The bill also provides \$4.6 billion nationwide for funding for the Corps of Engineers.** While these dollars will be administered on the federal, as opposed to state, level, the four Corps districts with jurisdiction over Pennsylvania have numerous projects that are "ready to go" and will likely receive an injection of new funding
- **Pennsylvania will also be able to compete for \$1.5 billion for new competitive grants** available to state and local governments for transportation investments
- **\$223.8 million for clean water and drinking water projects.** Of this total, the bill provides **\$66.2 million** through the Drinking Water State Revolving Fund to address the backlog of drinking water infrastructure needs and **\$157.6 million** through the Clean Water State Revolving Fund to address the backlog of clean water infrastructure needs

Economic and Community Development

This package provides new resources to help local governments revitalize their communities. The vast majority of these funds will flow directly to eligible local governments according to a pre-existing formula. The new law provides:

- **\$1 billion nationwide for the Community Development Block Grant** program for community and economic development projects including housing and services for those hit hard by tough economic times

Law Enforcement in Pennsylvania

Nearly every sector of the American job market has suffered job loss and programming cuts, including state and local law enforcement. Cuts in this field can have a devastating direct and indirect effect on the health of a community by way of increased crime, lowered property values, business closings and the loss of good paying, middle class jobs. According to the Senate



Committee on Appropriations, our economic recovery package includes the following estimated benefits for Pennsylvania:*

- **\$73.2 million** in **Byrne/Justice Assistance Grants** to support state and local law enforcement efforts
- **\$1 million** in **Internet Crimes Against Children Grants** to help law enforcement agencies enhance their investigative response to offenders who use the Internet, online communication systems or other computer technology to sexually exploit children
- **\$6.4 million** in **Violence Against Women Grants** for victim services programs to improve the criminal justice system's response to violent crimes against women and to assist victims of domestic violence, dating violence, sexual assault and stalking who are in need of transitional housing, short-term housing assistance and related support services

Energy for Pennsylvania

The American Recovery and Reinvestment Act of 2009 would provide investments in areas critical to the development of clean, efficient, American energy, including modernizing energy transmission, research and development of renewable energy technologies, and modernizing and upgrading government buildings and vehicles. According to the Senate Committee on Appropriations, our economic recovery package includes the following estimated benefits for Pennsylvania:*

- **\$100.8 million** through the **State Energy Program**, which provides grants to states and directs funding to state energy offices. States, in turn, use grants to address their energy priorities and program funding to adopt emerging renewable energy and energy efficiency technologies
- **\$258.8 million** through the **Weatherization Assistance Program**, which enables families to permanently reduce their energy bills by making their homes more energy efficient

Housing

Helping local communities address the foreclosure crisis and make housing more affordable is key to stemming the economic downturn. While Congress needs to do more to stabilize the housing market, the recovery plan includes several important provisions designed to address this problem. These items include:



Pennsylvania U.S. Senator Bob Casey



- **\$213.2 million** through the **Public Housing Capital Fund** to enable local public housing agencies to address a national \$32 billion backlog in capital needs – especially those improving energy efficiency in aging developments – in this critical element of the nation’s affordable housing infrastructure
- **\$95 million** in **HOME Funding** to enable state and local government, in partnership with community-based organizations, to acquire, construct and rehabilitate affordable housing and provide rental assistance to poor families
- **\$90.4 million** through the **Homelessness Prevention Fund** to be used for prevention activities, which include: short or medium-term rental assistance, first and last month’s rental payment or utility payments. As such, most of this funding will go directly into the economy of local communities, as the funds will be used to pay housing and other associated costs in the private market

Education and Training in Pennsylvania

In order to compete in the 21st Century, we must have a well-educated workforce, capable of adapting to an ever-changing economic environment. Investing in education now will ensure that the next generation of Pennsylvania’s workers is ready and able to meet the challenge of global competition. In the near-term, millions of workers have seen their jobs disappear and find themselves unable to match their skill sets with existing opportunities. Providing job training in new and expanding fields will help to lower the unemployment rate and help today’s workers better compete against foreign competition. According to the Senate Committee on Appropriations, our economic recovery package includes the following estimated benefits for Pennsylvania:*

- **\$1.6 billion** through the **State Fiscal Stabilization Fund** to local school districts and public colleges and universities in addition to incentive grants as a reward for meeting key education performance measures and additional funding for other highpriority needs such as public safety and other critical services, which may include education
- **\$426.6 million** for **Special Education Part B State Grants** to help improve educational outcomes for individuals with disabilities, raising the federal contribution to nearly 40 percent, the level established when the law was authorized more than 30 years ago
- **\$25.4 million** in **education technology funds** to purchase up-to-date computers and software and provide professional development to ensure the technology is used effectively in the classroom



- **\$523.8 million** for **Title I Education for the Disadvantaged** to help close the achievement gap and enable disadvantaged students to reach their potential
- **\$15.4 million** in **State Employment Service Grants** to match unemployed individuals to job openings through state employment service agencies and allow Pennsylvania to provide customized reemployment services
- **\$34.4 million** in **Dislocated Workers State Grants**, particularly for grants that support immediate strategies for regions and communities to meet their need for skilled workers, as well as longer-term plans to build targeted industry clusters with better training and a more productive workforce
- **\$16.7 million** for **Department of Labor's Adult State Grants**
- **\$41.1 million** for **Department of Labor's Youth State Grants**
- **\$20.9 million** for **Vocational Rehabilitation** to help individuals with disabilities prepare for and sustain gainful employment

According to the White House, the economic recovery plan provides funding sufficient to modernize at least 412 schools in Pennsylvania so that our children have the labs, classrooms, and libraries they need to learn to compete in the 21st century economy. The economic recovery package also includes more Pell Grants for the **244,000 Pell Grant recipients** in Pennsylvania.

Helping Those Affected by the Economic Downturn in Pennsylvania

The current economic crisis has affected all Pennsylvanians, but none more so than the most vulnerable among us. The spending proposed here will serve to lessen the blow of the current recession, providing immediate relief for children, the poor and others who may find themselves struggling to put food on the table or a roof over their head. It will also address the urgent need to provide safe and secure places to live, even in neighborhoods that are struggling with high unemployment and surging foreclosure rates. According to the Senate Committee on Appropriations, our economic recovery package includes the following estimated benefits for Pennsylvania:*

- **\$3.4 million** for **National School Lunch Program Equipment Assistance**
- **\$4 million** through the **Emergency Food Assistance Program**
- **\$754.1 million** in **Supplemental Nutrition Assistance Program benefits** (formerly Food Stamps)



Pennsylvania U.S. Senator Bob Casey



- **\$3.8 million** for the **Emergency Food and Shelter Program**, which provides grants to nonprofit and faith-based organizations at the local level to supplement their programs for emergency food and shelter to provide for the immediate needs of the homeless
- **\$60.1 million** in **Child Care and Development Block Grants** to provide quality child care services for in low-income families who increasingly are unable to afford the high cost of day care
- **\$22.9 million** for **Head Start** to allow additional children to participate in this program, which provides development, educational, health, nutritional, social and other activities that prepare children to succeed in school
- **\$42.6 million** in **Community Services Block Grants** to local community action agencies for services to the growing numbers of low-income families hurt by the economic crisis, such as housing and mortgage counseling, jobs skills training, food pantry assistance, as well as benefits outreach and enrollment

Source: Democratic Policy Committee, United State Senate

** The benefits described in this fact sheet represent estimates of highlights of the American Recovery and Reinvestment Act of 2009. It is not a complete listing of all the programs included in the legislation. Due to rounding, the sum of the programs may not equal the estimated total.*